

WHAT DOES IT MEAN TO BE A MEMBER OWNER?

When you signed up to receive electric service from CLP, you became a member-owner. Being a member of your electric cooperative gives you direct access to your CLP team. If you have a concern about CLP, you can walk in or make an appointment to speak directly with CLP's staff, management, or board of directors.

Our business is an integral part of your community. Our headquarters and employees are located in Northeastern Minnesota, just like you. They are your friends and neighbors, and they also have a vested interest in the success of your cooperative.

You have a voice. You have a right and a responsibility to share your opinions about how CLP is run. You elect your district director for the CLP board, who, in turn, sets cooperative policies. Rather than worry about shareholders, a cooperative always keeps your best interests at heart.

Another great thing about being a cooperative member is receiving capital credits. Think of it like getting a refund for a job well done. A cooperative does not earn profits in the sense that other businesses do. Cash comes into an electric cooperative when members pay their monthly utility bills. The cooperative uses this money as working capital for a period of time. At the end of the year, any margins, or revenues, remaining after all expenses have been paid are returned to the members in proportion to their usage of

CLP's electric service. This is done through capital credit allocations and retirements.

Your investment in your cooperative helps meet the cooperative's annual expenses, like paying for new equipment necessary to effectively and efficiently serve you, our member. The cash is also used to repay long-term debt. By using this cash for operational expenses, we do not have to

borrow as much money to operate the cooperative, thus reducing the cost of electricity for you and the member-ship as a whole.

Each year, the board of directors determines whether the cooperative's financial position permits the return, or retirement, of capital credits and, if so, what amount of capital credits will be retired. The amounts allocated to each member are based on each individual member's participation in the cooperative.

Since 1988, electric cooperatives across the country have retired over \$21 billion in capital credits to their

members. Since its inception, CLP has given back over \$6.5 million in capital credits to our members. **That is truly the Cooperative difference!**

Important notes: a member who terminates their electric service will no longer receive additional capital credits allocations; however, the balance in the member's capital credits account is maintained until it is fully retired.

Did You Know?

Electric cooperatives have retired \$21 billion to members since 1988 – \$1.3 billion in 2022 alone.

Because electric co-ops operate at cost, any excess revenues (called margins) are allocated and retired to members in the form of capital credits.

Source: National Rural Utilities Cooperative Finance Corporation

